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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

EXPERIMENTAL "RIDE-ALONG"  
CLASSIFICATION CHANGE FOR PERIODICALS, 1999

Docket No. MC2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS TAUFIQUE TO INTERROGATORIES OF  
COX TARGET MEDIA, INC. AND COX CONSUMER SAMPLING  
(CC/USPS-T1-2-7)

The United States Postal Service hereby provides the responses of witness Taufique to the following interrogatories of Cox Target Media, Inc. and Cox Consumer Sampling: CC/USPS-T1-2-7, filed on October 27, 1999. Interrogatory CC/USPS-T1-1 was redirected to witness Schwartz and will be provided shortly.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Scott L. Reiter

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November 8, 1999

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF COX TARGET MEDIA , INC. AND COX  
CONSUMER SAMPLING

CC/USPS-T1-2. Please refer to your testimony at page 2, lines 21-23, and page 3, lines 8-12.

- a. Will revenue from the experimental Ride-Along classification change be reported with Standard (A) or with Periodicals revenues?
- b. Assume that some periodicals mailers opt to include multiple inserts , using the Standard (A) arrangement for the additional items, as described in your testimony. Will the revenues from those inserts that are in addition to the Ride-Along piece be reported with (i) Standard (A) revenues, or (ii) with Periodicals revenues? If your answer is (i), please explain the logic of having revenue from one insert recorded with Periodicals, while revenue from another insert is recorded with Standard (A), and explain also the effect on data quality that results from recording revenues in such different ways.

RESPONSE

[a] The revenue from the "Ride-Along" classification change will be reported with Periodical revenues.

[b] Revenues from those inserts that are in addition to the "Ride-Along" piece will be reported with Standard (A) revenues. The logic for this arrangement is that the Postal Service did not want to take away the option of Standard (A) enclosures and attachments from the mailers during the experiment. I am not aware of any material effect on data quality resulting from recording revenues in such different ways. The "Ride-Along" revenue will be reported in the Periodical mailing statement (Form 3541) and will automatically become part of the Periodical subclass revenue, while a Standard (A) enclosure has an already established process for reporting revenues and pieces.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF COX TARGET MEDIA , INC. AND COX  
CONSUMER SAMPLING

CC/USPS-T1-3

- a. Under the proposed experiment, could a Ride-Along insert contain an item such as a computer disk or a CD-ROM, provided that insert would not affect the shape or automation compatibility of the host periodical?
- b. (i) In your opinion, would the presence of the computer disk or CD-ROM affect the carrier's ability to fold the periodical and insert it into an apartment style mailbox? (ii) Would it be more time-consuming to handle at the delivery point? Please explain your answer.
- c. Your testimony notes (p. 5, lines 7-10) that "the physical requirements for the 'Ride-Along' piece have been purposely drafted to attempt to ensure that the inclusion of a 'Ride-Along' piece does result in any additional mail processing or delivery costs." Please describe in detail all explicit considerations that have been given to ensure that Ride-Along inserts do not increase delivery costs.

RESPONSE

[a] Yes, provided it also did not exceed 3.3 ounces, and the host piece and the Ride-Along met the uniform thickness criteria.

[b] (i) Possibly. It is the Postal Service's intention to specify requirements that would minimize this possibility or to revise the regulations to restrict the practice if it were to become problematic during the course of the experiment. (ii) The presence of a computer disk or CD-ROM as an insert in a magazine would not affect a city carriers ability to case (sort) flat mail in that city carriers generally case flat mail vertically (without folding) or horizontally. As long as the flat piece with the CD-ROM insert can be folded enough to allow placement into an apartment style mailbox, there should not be added difficulty in the delivery of these pieces. If they cannot be folded without damage, delivery costs will increase because carriers would then be required to attempt delivery as if this

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF COX TARGET MEDIA , INC. AND COX  
CONSUMER SAMPLING

piece were a parcel and if delivery cannot be made (customer not home), a PS Form 3849 (Notice of Attempted Delivery) will need to be filled out by the carrier on the street. This would also entail having the receiving customer go to the Post Office to pick up the mail piece. As discussed in part (c) below, change of shape is not permitted by the proposed DMCS language.

A Rural carrier generally cases flat mail by cupping (folding) the flats into the case. As long as the length of the insert does not prevent the Rural carrier from doing this, then no additional delivery costs should be experienced.

[c] The Postal Service took into consideration the various casing requirements for the different mail processing categories (letters vs. flats vs. parcels). The proposed DMCS language specifies that the host mailpiece may not change shape as a result of the addition of the Ride-Along attachment or enclosure (e.g., if the host mailpiece is a flat, the addition of the Ride-Along cannot result in the final piece being categorized as a parcel). Furthermore, application of the uniform thickness requirement should result in pieces that will stack easily, avoiding problems with extremely lumpy pieces that may be hard to case and carry on walking routes.

The fundamental premise of this experimental classification change is that the addition of "Ride-Along" attachment and enclosure should not increase mail processing and delivery cost. If our evaluation of mail pieces leads the Postal

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF COX TARGET MEDIA , INC. AND COX  
CONSUMER SAMPLING

Service to conclude, that even though a mail-piece meets the physical requirements, but causes either mail processing and/or delivery cost to increase, the Postal Service would intend to change the physical requirements appropriately during the experiment.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF COX TARGET MEDIA , INC. AND COX  
CONSUMER SAMPLING

CC/USPS-T1-4. At page 5 you state that the proposed change will require that publications including "Ride-Along" enclosures or attachments have uniform thickness.

- a. Do packets of skin care cream or cosmetics have uniform thickness? Please explain fully any answer that is not an unqualified negative.
- b. If the length and width of a Ride-Along packet is less than the length and width of the host periodical (e.g., the packet is 3" by 4" and the host periodical is 7" by 10"), please explain how the Postal Service plans to determine whether the host periodical has uniform thickness.
- c. What is the maximum thickness of a packet (or any other such insert) that will enable a periodical to be considered to have uniform thickness?

RESPONSE

[a] The Postal Service is stipulating that the host mailpiece *with* the Ride-Along must meet uniform thickness criteria. Packets of skin care cream or cosmetics produced by different manufacturers may have characteristics that differ from each other. Therefore a specific answer can only be given for a specific sample as it will appear attached to or enclosed in a given Periodical.

[b] The current Postal Service definition of "uniform thickness" was developed in connection with the needs of processing and handling of automation rate flat mail. See Domestic Mail Manual section C820.7.0, and Customer Support Ruling PS-297, copies of which are attached. The Postal Service Engineering Department is currently working with Mail Preparation and Standards to further define and clarify the term "uniform thickness" for purposes of qualifying for automation flat rates. It is anticipated that when the final definition is developed

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF COX TARGET MEDIA , INC. AND COX  
CONSUMER SAMPLING

for this purpose, it will also be applied to Periodicals mail containing Ride-Along material.

[c] The Postal Service does not anticipate prescribing a maximum thickness on Ride-Along attachments or enclosures for purposes of meeting the uniform thickness requirement. Host pieces of different sizes could presumably contain Ride-Along attachments or enclosures of different sizes that could meet the Postal Service uniform thickness criteria. The criteria that the addition of the Ride-Along attachment or enclosure not change the shape, or for pieces claiming automation rates, the automation compatibility of the mailpiece will serve to place thickness limits on Ride-Along pieces contained in host periodicals that are letter-size or flat-size.

**Suspension of  
Approval**  
4.4

Any mailing found to be improperly prepared will not be accepted at the automation rates for flats. The repeated submission of nonmachinable mailings is cause for exclusion from the polywrap flat automation rates for polywrap pieces.

**FSM 881 Polywrap**  
4.5

[12-14-98] Mailpieces that meet the dimensions and the turning ability and deflection characteristics in 2.0 are able to be processed on the FSM 881, and therefore must meet all of the polywrap requirements in Exhibit 4.1a.

**FSM 1000 Polywrap**  
4.6

[12-14-98] Polywrapped pieces that do not meet all of the dimensions and characteristics in 2.0 but that meet the dimensions in 3.0 and other criteria for FSM 1000 processing may be prepared in polywrap meeting only the haze requirement, property number 2.

**5.0 PROHIBITIONS**

**Protrusions**  
5.1

Clasps, strings, buttons, or like materials, or other protrusions that impede or damage mail processing equipment are prohibited.

**Staples**  
5.2

Staples must not be substituted for tabs or wafer seals on pieces in automation rate mailings. As a binding method, staples may be placed in the fold or spine of a magazine or booklet-type or similar mailpiece if parallel with the bound edge, tightly and securely inserted, and not protruding to damage or interfere with mail processing equipment.

**6.0 TABS, WAFER SEALS, TAPE, AND GLUE**

Although not required, mailpieces may be prepared with tabs, wafer seals, cellophane tape, or permanent glue (continuous or spot) if these sealing devices do not interfere with the recognition of the barcode, rate marking, postage information, and delivery and return addresses. Cellophane tape may not be placed over the barcode or where any part of the barcode will be printed. Tabs or seals placed in the area on which any part of the barcode is printed must contain a paper face meeting the standards for background reflectance. Tabs, wafer seals, and tape must have a peel adhesion (shear strength) value of at least 15 ounces/inch at a speed of 12 inches/minute after application to a stainless steel plate; the test is to be conducted 10 minutes after the material is applied to the plate.

**7.0 UNIFORMITY**

**Surface**  
7.1

The exterior surface of a flat-size mailpiece must not have protuberances caused by prohibited closures; attachments (except as provided below); irregularly shaped or distributed contents; or untrimmed excess material from the envelope, wrapper, or sleeve.

**Outside Attachment**  
7.2

An attachment to a flat-size mailpiece must be a single sheet, the same size as the cover. The attachment must be permanently, securely, and uniformly affixed to the front or back cover along a bound, folded, or otherwise closed edge. Pieces claimed at a Periodicals rate may bear attachments only if permitted by the applicable standards.

**Contents**  
7.3

The contents of a flat-size mailpiece must be of approximately uniform thickness. Where applicable, the contents must also be of approximately the same size as the envelope, wrapper, or sleeve in which mailed. If the contents are of irregular thickness or significantly smaller than the envelope, wrapper, or sleeve in which





Property	Requirement	Test Method	Comment
3. Secant Modulus, 1% elongation			
a. TD, psi	>40,000	ASTM D882	
b. MD, psi	>50,000	ASTM D882	
4. Tensile Strength			
a. TD, psi	>2,000	ASTM D882	
b. MD, psi	>3,000	ASTM D882	
5. Density, g/cc	0.900 to 0.950	ASTM D1505	
6. Nominal Gauge, in	>0.001	ASTM D374	
7. Static Charge, kV	<2.0	ASTM D4470	Antistatic additives can regulate this charge.

### Wrap Instructions

[12-14-98]

Exhibit 4.1b

1. Wrap direction shall be specified as around the shorter axis of the mailpiece so that the seam is along the addressed side of the mailpiece and oriented from top to bottom. This seam must not cover any part of the address and barcode read areas (FSM 881 mailpieces only).

2. Overhang around edges:

a. For FSM 881 mailpieces, overhang (selvage) of not more than 1.5 inches of polywrap shall be allowed at the top of the mailpiece when the contents are at the bottom of the package. Overhang on each side shall not be more than 0.25 inch. The piece shall not be wrapped so tightly as to cause the mailpiece to bend.

b. For FSM 1000 mailpieces, overhang (selvage) cannot exceed 3/4 inch from any edge.

### Polywrap Certification Process 4.2

[12-14-98] The polywrap certification program requires plastic manufacturers to provide to the producer of the polywrapped flats an official ASTM certification of conformance verifying that their polywrap product meets the physical properties described in Exhibit 4.1a. Prior to the initial mailing with that polywrap product, the producer of the polywrapped pieces must submit to a mailpiece design analyst (MDA) the certificate of conformance verifying that the polywrap material meets the physical property specifications in Exhibit 4.1a, for either the FSM 881 mailpieces or the FSM 1000 mailpieces. The MDA will certify the polywrap product as either FSM 881 or FSM 1000 approved automatable polywrap if the ASTM certification of conformance shows it meets the applicable specifications. The MDA who certifies the polywrap will provide written confirmation to the producer of the polywrapped flats and notify the applicable business mail entry unit of the certification.

### Mailpiece Identification 4.3

[05-06-99] Producers of polywrapped flats authorized to claim the automation rates must endorse the flats to show that they are automation-compatible polywrapped flat-size pieces. The mailer may meet this requirement by adding "USPS (product name of polywrap) FSM 881 Approved Automatable Polywrap" or "USPS (product name of polywrap) 881 Approved Poly" or "USPS (product name of polywrap) FSM 1000 Approved Automatable Polywrap" or "USPS (product name of polywrap) 1000 Approved Poly," as applicable, on the address side of the piece, preferably below the postage area or in another visible location on the outside of the mailpiece. The polywrap marking must not interfere with the delivery address or the recognition of the barcode. The polywrap marking also may be printed directly on the polywrap material. Producers of polywrapped flats not using the appropriate mailpiece identification marking have until October 4, 1999, to comply with this standard. A list of the Postal Service approved polywrap manufacturers appears on the USPS Web site (<http://ribbs.usps.gov>).



mailed, those contents must be secured in place, if necessary, to prevent shifting within the wrapping during processing.

**Regular Shape**  
7.4

Each flat-size mailpiece must have a smooth and regular shape, free of creases, folds, tears, or other irregularities not compatible with processing on automated equipment.

**Booklet-Type Piece or Magazine**  
7.5

The contents of flat-size mailpieces prepared in sleeves or other wrappers must be sufficiently secure in the sleeve or wrapper to stay in place during processing. If material bearing the delivery address or barcode for the mailpiece is enclosed in a partial wrapper, that wrapper must be sufficiently secure to prevent the contents from shifting and obscuring the delivery address or barcode.

**8.0 OUTSIDE LABELS AND STICKERS**

**Use**  
8.1

Permanent labels and stickers (i.e., those designed not to be removed or relocated) must be affixed directly to the outside of the mailpiece with permanent adhesive. A mailer may provide recipients with relocatable labels to place on the outside of response pieces sent back to the mailer. On pieces mailed at Periodicals rates, labels and stickers may be used only if permitted by the applicable standards.

**Pressure-Sensitive Label**  
8.2

Any pressure-sensitive label or sticker affixed directly to a mailpiece before mailing must have a minimum peel adhesion to stainless steel of 8 ounces/inch. This standard does not apply to pressure-sensitive labels provided by the USPS to label packages to sortation levels.

**"Sandwich" Label**  
8.3

A face stock/liner label ("sandwich" label) is a two-part unit with a face stock (top label) attached to a liner (bottom label) affixed to the mailpiece. The face stock must have a peel adhesion value of at least 2 ounces/inch with respect to the liner label and at least 8 ounces/inch when reapplied to stainless steel.

Customer Support Ruling  
Business Mail Acceptance  
Headquarters, US Postal Service  
Washington DC 20260-6808

Automation-Compatible Flats - Card Packs

PS-297 (C820.8)

March 1999

This ruling concerns the automation flat rate eligibility of a card pack mailpiece enclosed in a polywrap or plastic bag. The contents of the piece include one card bearing a barcode delivery address that measures 4 by 5½ inches and a group of cards that measure 3½ by 5½ inches. The contents are tightly wrapped and shifting within the polywrap is minimized. The polywrap has heat-sealed edges on the right and left sides that measure ¼ inch each in width. The finished piece is level when placed on a flat surface.

The design of the piece raises two issues that may affect its eligibility for flats automation rates.

1. Does the finished piece meet the uniform thickness standards in *Domestic Mail Manual* (DMM) C820.8 although one card in the pack is ½ inch taller than the rest?

DMM C820.8 states that the contents of a flat-size mailpiece claimed at automation rates must be of approximately uniform thickness. Where applicable, the contents must also be of approximately the same size as the envelope, wrapper, or sleeve in which mailed. If the contents are of irregular thickness or significantly smaller than the envelope, wrapper, or sleeve in which mailed, those contents must be secured in place, if necessary, to prevent shifting within the wrapping during processing.

The intent of this standard is to ensure machinability and ease of handling by delivery employees. The surface of the piece must be flat enough to permit the barcode to be read. If the piece is uneven or bulges so much that there are surface undulations, the distortion that is caused may interfere with the flat sorting machine's ability to read the barcode. The pieces must also be level enough to be stacked together without wobbling, tipping, or tilting to facilitate induction and ease of delivery.

Although there is a ½ inch variance in the height of the cards enclosed in the piece described above, the finished piece has a flat surface that will not interfere with barcode readability. The finished pieces are also capable of being stacked together in the same orientation without becoming unstable. Therefore, the piece meets the uniform thickness standards in DMM C820.8.

2. How is the polywrapped or plastic bagged piece measured and does it meet the minimum size standards for automation flats?

For polywrapped or plastic bagged card packs, measure the height and length of the largest component of the contents and the width of the entire contents at its thickest point; don't measure the polywrap or plastic enclosing the contents. Using this method, the piece described above measures 4 inches high by 5 ½ inches long by ¼ inch thick. If the contents are enclosed in an envelope rather than polywrap or plastic, measure the envelope with the contents to determine the height, length, and width.

(PS-297)

*The card pack as described meets the minimum size standards for processing on the FSM 1000 and the uniform thickness standards in DMM C820.8. It is, therefore, eligible for the flats automation rates.*

John Sadler  
Manager

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
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CONSUMER SAMPLING

CC/USPS-T1-5. Your testimony (at p. 10) indicates that the Postal Service intends physically to collect samples of all pieces mailed with "Ride-Along" attachments or enclosures. Attachment A further indicates (p.19) that BMEU clerks across the postal system will be directed to forward such mail pieces to a central location.

- a. Will these sample pieces be available for public inspection, either during or after the experiment? If so at what times during the next three years?
- b. With respect to these samples that mailers will be required to submit, what information does the Postal Service plan to collect and report to the Commission?
- c. How often, or at what intervals, does the Postal Service plan to submit reports to the Commission?
- d. Will the information submitted to the Commission also include data on volumes and revenues?

RESPONSE

[a] Yes the pieces will be available for inspection during the experiment at a time and frequency to be determined.

[b] The information to be collected and reported will relate to the physical characteristics used to determine if the piece qualifies for the "Ride-Along" rate and to gather contents information to better understand the market and opportunities.

[c] This has yet to be determined.

[d] Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF COX TARGET MEDIA , INC. AND COX  
CONSUMER SAMPLING

CC/USPS-T1-6. Please refer to your testimony at page 10, where you state that the Postal Service will determine whether additional delivery costs are being incurred due to Ride-Along attachments or enclosures.

- a. Please explain how examination at central site will be sufficient to determine whether additional delivery costs are being incurred. Refer to your response to interrogatory CC/USPS-T1-3 as appropriate.
- b. In addition to the central inspection discussed above, does the Postal Service plan to undertake any type of field survey to help ascertain whether any additional delivery costs are being incurred.

RESPONSE

[a] Based on discussions with Delivery Operations, all of the cost drivers associated with casing and delivering letter and flats were determined. If these drivers are not in any way impacted by the "Ride-Along", then the piece will not negatively impact costs, because it will be handled in a similar manner as the host alone. Referring to the response to CC/USPS-T1-3, the draft DMCS language requires that the piece cannot change processing categories in terms of how it is handled in delivery, and the pieces must maintain "uniform in thickness" to accommodate casing and carrying on the street. For example, if the host is treated as a flat in delivery (i.e. vertical casing and merged with other flats), the host with the "Ride-Along" must maintain characteristics that would allow similar handling.

[b] We will contact field sites to understand if any of our assumptions were incorrect. If this effort reveals issues that warrant further investigation, a more elaborate field survey will be conducted.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF COX TARGET MEDIA , INC. AND COX  
CONSUMER SAMPLING

OCA/USPS-T1-7. At page 9 you state that an additional 77 million pieces will be added to the mail-stream as "Ride-Along" enclosures. You further state that total revenue resulting from this change at the rate of 10 cents per copy is expected to be in the range of \$10.2 million, offset by a loss of an estimated \$5.5 [million] from the existing 25 million pieces now paying the Standard (A) rate.

- a. Is it your assumption that none of the 77 million additional Ride-Along inserts will be diverted from solo or co-op mailings at the Standard (A) rate?
- b. If your answer to preceding part a is affirmative, please explain fully the basis for the assumption.
- c. If your answer to preceding part [a] is negative, please indicate the extent of anticipated diversion and the effect of such diversion on Postal Service revenues.
- d. Does the Postal Service data collection plan include any effort to ascertain the extent to which Ride-Along inserts are diverted from other parts of the mail stream? If so, please describe the effort that is planned,

RESPONSE

[a] No. On page 9 lines 22-23 and page 10 lines 1-6, I discuss the estimate of future "Ride-Along" pieces and revenue in detail. I have categorically stated that all Standard (A) enclosures and attachments with Periodicals, estimated to be approximately 25 million pieces, are assumed to shift to the new "Ride-Along" classification. Most of the 77 million additional pieces are expected to be new growth in this market. I have discussed the impact of this classification change on Postal Service's competitors on pages 11-12 (lines 9-23 & lines 1-5). Some of these reasons also apply to diversion from Standard (A) especially witness Schwartz's assertion that at least historically, these pieces are designed for inclusion with periodicals and not sent independently of periodicals. Another reason that we do not expect much diversion is due to the restrictive physical requirements on "Ride-Along" pieces. Nevertheless, during the experiment we

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF COX TARGET MEDIA , INC. AND COX  
CONSUMER SAMPLING

expect to conduct a survey of advertisers and publishers to estimate any  
diversion from other classes of mail as well as from alternate delivery mediums.

See USPS-T-1 page 19, lines 18-20.

[b] Not applicable


[c] *I am not able to estimate the extent of anticipated diversion. The Postal Service chose to file this classification change as an experiment and not a permanent classification change because it will provide valuable information regarding potential new growth versus diversion from other mail classes or alternate delivery media.*

[d] Yes. See parts b and c above.



## DECLARATION

I, Altaf Taufique, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature, appearing to be "Altaf", is written over a horizontal line.

Dated: Nov 8, 1999

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", is written over a solid horizontal line.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.  
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November 8, 1999